

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE CABINET

13TH MARCH 2019, AT 6.00 P.M.

PRESENT: Councillors G. N. Denaro (Leader), K.J. May (Deputy Leader),
B. T. Cooper, M. A. Sherrey, C. B. Taylor and P. J. Whittaker

Officers: Mr. K. Dicks, Mrs. S. Hanley, Ms. J. Pickering, Mrs. C. Felton,
Mr. D. Allen, Mr C. Forrester and Ms. A. Scarce

79/18 **APOLOGIES**

There were no apologies for absence.

80/18 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

81/18 **MINUTES**

The minutes of the Cabinet meeting held on 27th February 2019 were submitted.

RESOLVED that the minutes of the Cabinet meeting held on 27th February 2019 be approved as a true record.

82/18 **MINUTES OF THE MEETING OF THE OVERVIEW AND SCRUTINY BOARD HELD ON 11TH FEBRUARY 2019**

Members considered the minutes of the Overview and Scrutiny Board meeting held on 11th February 2019. It was noted that there were no outstanding recommendations from this meeting.

RESOLVED that the Overview and Scrutiny Board Minutes from 11th Februarys 2019 be noted.

83/18 **PROPOSED CHANGES TO THE HOME CHOICE PLUS ALLOCATIONS POLICY - CONSULTATION**

The Housing Strategy Manager introduced the report and explained that the proposed amendments to the policy were following amendments made to the legislation concerning homelessness and other statutory guidance. The changes suggested would ensure that the process flows well and those in need were housed in a speedy and timely manner.

The consultation would involve stakeholders, partners and local communities.

The Portfolio Holder for Planning and Strategic Housing asked Members to support the proposals. Members briefly discussed the suggested changes and the Leader questioned whether these would make the process easier, the Housing Strategy Manager responded that unfortunately, administratively it would make the process more complicated and labour intensive, but there was a need for the changes to be included within the policy.

RESOLVED:

- a) that the Allocation Policy changes outlined in the report are consulted upon with Members, Stakeholders and Households on the Housing Register for a period of six weeks; and
- b) that Authority be delegated to the Deputy Chief Executive & Executive Director for Leisure, Environment & Community Services in conjunction with the Legal Service Manager to make any future amendments to the Council's Housing Allocations Policy that are deemed to be necessary to comply with Government guidance and which do not trigger the statutory obligation to consult the persons affected by the changes pursuant to section 168(3) of the Housing Act 1996.

84/18

FINANCE MONITORING QUARTER 3 REPORT

The Executive Director, Finance and Resources presented the report which gave the Council's financial position for Revenue and Capital for the period April 2018 to December 2018. A number of areas were highlighted, including:

- A positive variance of £157K was projected.
- Details of the variances were broken down into the Council's Strategic Purposes.
- The projected shortfall in planning applications and the impact this had on other areas, New Homes Bonus, Council Tax and the cost of Mott MacDonald.
- Help me live my life independently - Additional income received within the Lifeline service due to the contract with Cannock Chase District Council was a major contribution to the savings.
- The majority of savings in respect of the Provide Good things for me to see, do and visit related to Leisure and Cultural services.
- Enabling – there was a projected underspend which related to Customer Services centre due to a one off business rate refund and salary vacancies.
- Corporate Financing – two main factors related to this, including the discount for the advanced payment of Pension Contributions and a small budget saving relating to borrowing costs.

The Executive Director, Finance and Resources drew Members attention to the Capital budgets and an underspend of £2.243m. Again, she went through the variances in line with the Council's strategic purposes and in particular the vehicle replacement budget, as there was delays on the vehicle replacement programme. The Head of Environmental Services ensured that the vehicles were at the end of their life before replacing and therefore may last longer than originally anticipated.

A number of items were also highlighted which related to the Capital budget Help me live my life independently, in particular Energy Efficiency installations and discretionary home repairs assistance which was due to a lack of applications received.

Explanation as to the reason for the virements within the recommendations were given and these related to the Disabled Facilities Grant and the combined Footpath and Cycle network project, which was part of a wider Worcestershire County Council scheme.

The Executive Director, Finance and Resources went on to provide Members with the details in respect of the increase in Capital budget for the Dolphin Centre. Members were reminded that the sports hall had been closed due to a number of health, safety and security issues. In addition approval had been given in July 2018 to continue with the demolition of the site following Members consideration of alternative hall provision through BAM. Following the decision to demolish the site MACE formally tendered for the works, including demolition and the associated car park works.

In total seven contractors provided a submission for the works and the successful tender in terms of price and quality was at a value of £1.050m. This was £346k more than the current budget allocation of £734k which was based on previously estimated costs. The increase could be put down to a number of reasons including, disaggregation of the contract following the delay in the project, additional scaffolding and duration of demolition period following further surveys, building works inflation and securing building contracts during a time of significant redevelopment across the country. It was proposed that £346k be released from balances

Members' attention was also drawn to Reserves Statement and the impact of the timing of the Small Business Rates Relief Grant that would offset the loss on business rates collection and appeals in 2019/20.

The Portfolio Holder for Finance thanked the Executive Director, Financial and Resources and the Financial Services Manager for their hard work and reiterated the concerns that had been raised in respect of the impact of the reduction in income from planning applications and the importance of resolving the current problems.

Following presentation of the report Members discussed a number of areas, including whether the underspend/surplus could be used towards the additional funding for the demolition of the sports hall, rather than using balances and capital receipts. The Executive Director, Finance and Resources agreed that any underspend would be transferred to balances and this would protect the balances position in the future. Members further discussed the situation in respect of planning applications and that the Council needed to come to a decision at some point as to whether it was confident enough in the work of Worcestershire County Council to no longer need the services of Mott MacDonald. The Leader advised that whilst progress had been made he did not feel that the Council had, as yet reached to such a position.

RESOLVED:

- a) that Cabinet note the current financial position in relation to revenue and capital budgets for the period April – December 2018/19 as detailed in the report; and
- b) that the virement of £23k in 2018/19 from Economic Development to the Bromsgrove Centres Management budget required to meet the Shared service agreement with NWEDR be approved.

RECOMMENDED:

- a) that the virement of £120k in 2018/19 for replacement parking machines currently held within the vehicle replacement programme budget be approved. This is to ensure clarity of the current spend under these project headings;
- b) that an increase in the 2018/19 Capital Budget of £102k for the Disabled Facilities Grant budget be approved. This is due to additional grant funding being received following the budget announcement in December 2018;
- c) that an increase in the 2018/19 Capital Budget of £390k for a Bromsgrove combined Footpath and Cycle Way Network funded from a grant from Worcestershire County Council be approved; and
- d) that an increase in the 2019/20 Capital Budget of £346k for the demolition of the Dolphin Centre to be funded from Capital Receipts (£202k) and balances (£144k) following receipt of tender quotations be approved.

TREASURY MANAGEMENT AND CAPITAL STRATEGY

The Financial Services Manager introduced the report and explained that it was a new report for 2019/20 required by changes in CIPFA and the Ministry of Housing, Communities and Local Government (MHCLG)

guidance. The strategies set limits and indicators that embodied the risk management approach the Council believed to be prudent.

The Financial Services Manager took Members through the Treasury Management Strategy Statement and highlighted a number of areas in particular, including:

- The balance sheet summary and forecast as detailed in Table 1. The forecast increase in Capital Financing Requirement (CFR) being driven by the planned investment programme.
- The Medium Term Financial Plan does not include any surplus for planned investments, they have been included as cost neutral.
- CIPFA recommended that the authority's total debt should be lower than its highest forecast CFR over the next three years and this table showed that the Council expected to comply with this.
- Table 3 highlights the counterparties that the council can invest with. The amounts which can be invested have been increased from last year to ensure there is sufficient flexibility to manage potential cash surpluses.
- Treasury Management Indicators – these are the indicators the Council uses to measure and manage its exposure to treasury management risks.
- Capital receipts – the introduction of the new flexibility on the use of capital receipts to capitalise revenue costs which are part of a transformation programme with attributable savings has been used to support the potential Enterprise Resource Planning software implementation.
- Appendix A to the report provided details of the Arlingclose Economic and Interest rate forecast. It was explained that due to the current climate there was a degree of uncertainty around forward forecasting due to Brexit.
- Appendix C – the Treasury Management Policy Statement, which the Council is required to include, and it was confirmed that there had been no changes to this from the previous year.
- Details of the half year update in respect of Treasury Management. There had been one investment which breached the limit on investments; however there was zero risk to the capital invested.

The Capital Strategy Report 2019/20 was a new report which gave a high level overview of how capital expenditure, capital financing and treasury management activity contributed to the provision of local public services along with an overview of how associated risk was managed and the implications for future financial sustainability. Appendix E of the report was the policy for flexible use of capital receipts.

RESOLVED that the half year treasury updated be noted.

RECOMMENDED:

- a) the Capital Strategy as an appropriate overarching strategy for the Council be approved and the flexible use of capital receipts as per appendix E
- b) the full Council approve the Treasury Management Strategy for 2019/20 and the associated limits, MRP policy and treasury management policy (appendices C and D) and specific indicators included in this report.

86/18

INVESTMENT AND ACQUISITION STRATEGY

The Financial Services Manager explained that the Investment Strategy Report 2019/20 was a new report which met the requirements of statutory guidance issued by the Government and focused on two of the three broad purposes that the council invests its money for.

Those three main purposes were surplus of cash as a result of its day-to-day activities (treasury management investments), to support local public services by lending to or buying shares in other organisations (service investments) and to earn investment income (commercial investments). Detail was provided in respect of service investments and commercial investments and the associated security and risk assessments. The Council was planning to invest in local commercial and residential property.

The Financial Services Manager advised that following discussions with the External Auditors they were happy with the flexibility of the strategy. It was important that the Council could show justification in any investment that it met the required criteria. By placing a restriction on the area in which investment was made it would be possible to justify investments as regenerative. A good example of this would be the Burcot Lane site where the Council may give a loan to the company developing the site. It was important to show that the Council was not dependant on the profit it made from any investment as this would increase risks to the council should investments not be as successful as planned.

The flowchart on page 78 of the agenda showed the process for any investments and it was confirmed that regular updates would be provided in line with the budget monitoring reports.

RECOMMENDED that the Investment Strategy Report 2019/20 be approved and adopted.

87/18

FINANCE SYSTEM

The Leader advised Members that as this report was not yet ready; an extra meeting of Cabinet had been scheduled in for 27th March 2019 at 4.30 pm.

The meeting closed at 6.32 p.m.

Chairman